

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number** SB230

**House of Origin**     Introduced     Substitute     Engrossed  
**Second House**     In Committee     Substitute     Enrolled

**2. Patron**        Lambert

**3. Committee**    House Education

**4. Title**            Creates the Brown v. Board of Education Scholarship Program and Fund

**5. Summary/Purpose:** The proposed legislation creates the Brown v. Board of Education Scholarship Program and Fund for the purpose of assisting students who were enrolled in the public schools of Virginia between 1954 and 1964, in jurisdictions in which such public schools were closed to avoid desegregation, in obtaining a high school diploma, the General Education Development certificate, career or technical education or training, or an undergraduate degree from a public institution of higher education in Virginia. The Brown v. Board of Education Scholarship Awards Committee, to be established in the legislative branch of state government, will be composed of eleven members - six legislators and five nonlegislative citizen members appointed by the Joint Rules Committee and the Governor. The Committee is authorized to award the scholarships and govern the Program.

The bill also establishes the Brown v. Board of Education Scholarship Fund, a special nonreverting fund, to be established on the books of the Comptroller to receive appropriations from gifts, grants, private donations, or bequests. This bill also allows individuals entitled to an income tax refund to contribute a portion, at least \$1, or all of the refund to the Brown v. Board of Education Scholarship Fund for taxable years beginning on and after January 1, 2004. The State Council of Higher Education is charged with administering this program and fund.

In addition, the bill establishes student eligibility for such scholarships and stipulates that scholarships may be used only for payment of tuition charges. The bill provides that (i) the program does not establish any legally enforceable right or entitlement on the part of any person or any right or entitlement to participation in the Program; and (ii) scholarships must be awarded to the extent funds are made available or as directed by the appropriation act.

**6. Fiscal Impact Estimates are:** Preliminary. See line 8.

**7. Budget amendment necessary:** Yes, Items 284 and 286 for the Department of Taxation and Item 165 for the State Council of Higher Education. In addition, funding for the scholarships created in this bill is contingent upon an appropriation to support the program.

**8. Fiscal implications:** This bill establishes the Brown v. Board of Education Scholarship Fund. This Fund is to be supported from private grants or donations and any funds that may

be appropriated to support the scholarship program. According to the State Council of Higher Education, once the program becomes fully operational, it would need additional resources to support one position to administer this Fund. The costs for this position are estimated at \$75,000 annually beginning in FY2006. The bill has been amended to include an enactment clause stating that the bill will not become effective unless a general fund appropriation is provided in the budget for 2004-2006 and is signed into law by the Governor.

In addition, the Department of Taxation would incur administrative costs for systems development as well as forms revision and costs to capture additional data. These costs range from \$96,000 in 2004-05 to almost \$7,500 in 2009-10. For taxable years beginning on or after January 1, 2003, the Department of Taxation is allowed to retain up to five percent of all voluntary contributions made for the taxable year for its costs to administer voluntary contributions. However, the Department cannot retain more than \$50,000 for any taxable year.

**9. Specific agency or political subdivisions affected:**

State Council of Higher Education  
Department of Accounts  
Department of the Treasury

**10. Technical amendment necessary:** No.

**11. Other comments:** House Bill 846 is similar.

**Date:** 02/20/2004/aps

**Document:** g:\aps\legislation\2004sess\SB230E.doc

cc: Secretary of Education